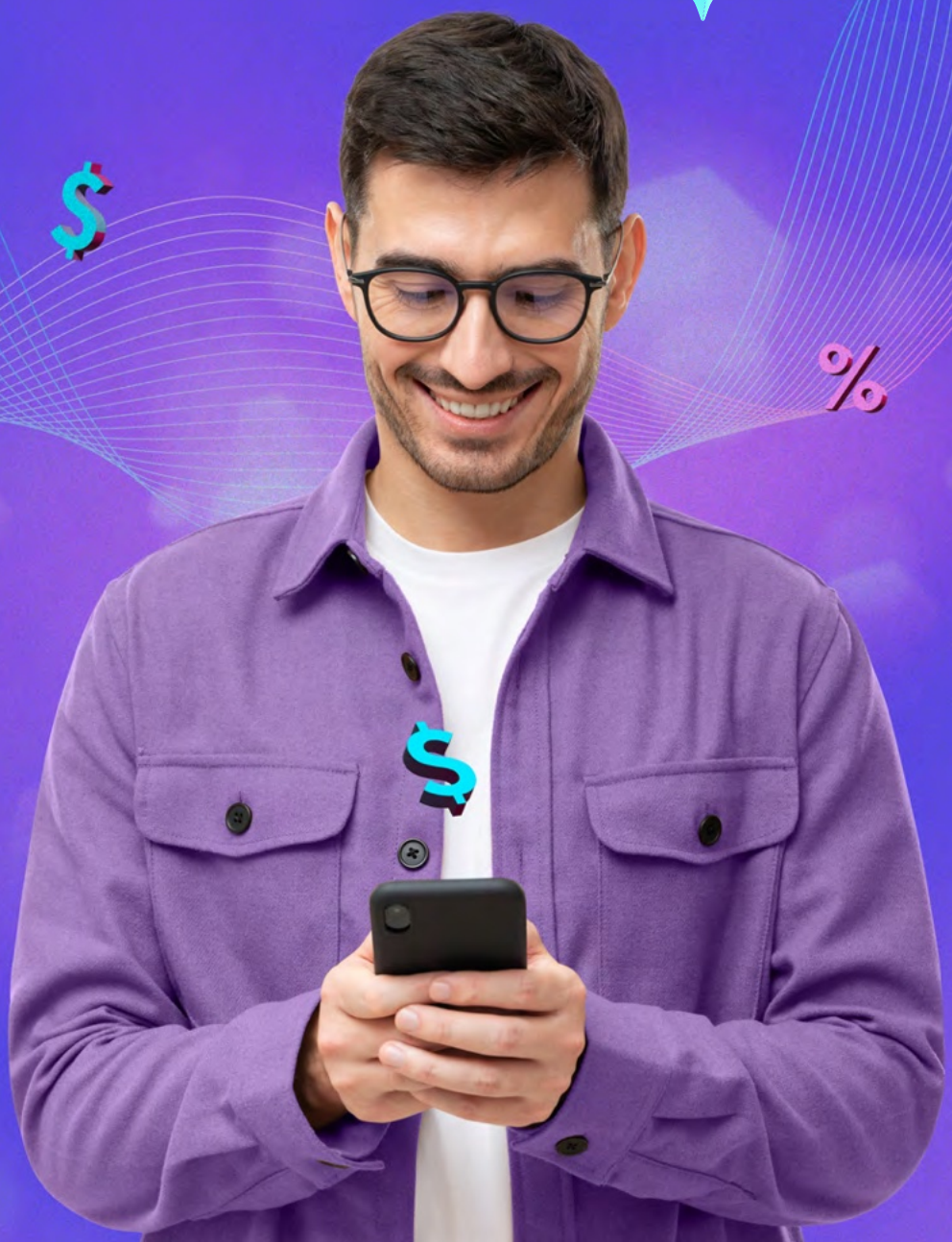
CASE STUDY

capillary

CPG Conglomerate's Customer Transactions **Surge 2x with AI-Powered Segmentation**



Background
A leading conglomerate with $3bn+ revenue, collaborated with Capillary Technologies to enhance customer segmentation using AI. For this pilot, the brand aimed to compare the performance of traditional segmentation methods against Capillary's AI-powered platform to drive customer engagement in the personal care category.

Objective
To improve hit rate—defined as the percentage of customers who transacted after receiving communication—by using AI-based segmentation to send personalised communications.

Experiment Design
Two segmentation approaches were tested on a base of over 10,000+ customers:

1. AI-driven segmentation: Capillary's AI-powered RFM (Recency, Frequency, Monetary) models identified high-potential customer groups for personalised outreach.

2. Non-AI segmentation: Traditional methods were used to target customers without AI assistance.

Results

Campaign Name	Contacted	Delivered	Hit Rate
AI-based Personal care Segment	10596	9460	20%
Non-AI-based Personal care segment	11283	9624	9%
AI based Large family segment	10548	9967	22%
Non-AI-based Large family segment	10517	9377	7%

Key Findings

- Improved Hit Rate: AI-driven segmentation achieved more than double the hit rate of non-AI approaches. Campaigns using AI saw 21-22% hit rates, compared to 7-10% for traditional segmentation.

- Enhanced Targeting Precision: The AI-based approach allowed for more accurate customer targeting, resulting in more personalised communication and better outcomes.

- Scalable Success: These results validate the potential for broader application of AI in customer segmentation, particularly in sectors like personal care where consumer behaviour is varied and intricate.

Conclusion The pilot demonstrated that AI-powered segmentation dramatically improved customer engagement. By leveraging Capillary's AI tools, this conglomerate was able to personalise communications and achieve significantly higher transaction rates, highlighting the potential for AI in driving superior business outcomes.